MULTIMEDIA UNIVERSITY

STUDENT ID NO

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# MULTIMEDIA UNIVERSITY

# FINAL EXAMINATION

**TRIMESTER 1, 2022/2023 (TERM ID 2210 & TERM ID 2215)**

## BAC1054 – PRINCIPLES OF MANAGEMENT ACCOUNTING

(All sections / Groups)

17 FEBRUARY 2023
9.00 am – 11.00 am
(2 Hours)

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**INSTRUCTIONS TO STUDENTS**

1. This Question paper consists of 3 pages excluding cover page with 4 Questions only.
2. Answer **ALL** questions.
3. Please write all your answers in the Answer Booklet provided.

## QUESTION 1

Answer the following independent questions.

a. Describe the difference between product cost and period cost. **(5 marks)**

b. Pengangkutan Rokiah accumulates the following data concerning a mixed cost, using units produced as the activity level.

| Month | Unit produced | Total cost (RM) |
|---|---|---|
| March | 9800 | 14.700 |
| April | 8500 | 13.250 |
| May | 7000 | 11,100 |
| June | 7600 | 12,000 |
| July | 8100 | 12,460 |

**Required:**

Using the high-low method of analysing costs, answer the following questions and show computations to support your answers.

i. Indicate the variable and fixed costs using the high-low method. **(8 marks)**

ii. Estimate the total cost if the company produces 8,000 units. **(4 marks)**

c. Rindu Enterprise reported the following year-end information: beginning work in process inventory, RM180,000; cost of goods manufactured, RM866,000; beginning finished goods inventory, RM252,000; ending work in process inventory, RM220,000; and ending finished goods inventory, RM264,000.

**Required:**

Determine Rindu Enterprise's cost of goods sold for the year. **(8 marks)**

**[TOTAL 25 MARKS]**

## QUESTION 2

Answer the following independent questions.

a. Explain the functions of material acquisition form, and time ticket. **(6 marks)**

b. Illustrate the difference between process costing system and job order costing system. **(8 marks)**

c. The RRD Pasta Factory manufactures spaghetti sauce through two production departments: Cooking and Packaging. For the month of February, the work in process accounts show the following debits:

**Continued.....**

| | Cooking | Packaging |
|---|---|---|
| Beginning work in process | RM -0- | RM 6,000 |
| Materials | 40,000 | 26,000 |
| Labour | 20,000 | 9,000 |
| Overhead | 30,000 | 15,000 |
| Costs transferred in | | 65,000 |

**Required:**

Journalize the February transactions that involved the work in process accounts. **(11 marks)**

**[TOTAL 25 MARKS]**

## QUESTION 3

Answer the following independent questions.

a. TEL Batteries produces batteries for laptop computers. The following per unit cost information is available: direct materials RM15; direct labor RM18; variable manufacturing overhead RM12; fixed manufacturing overhead RM30; variable selling & administrative expenses RM15; and fixed selling & administrative expenses RM20. The desired ROI per unit is RM25.

**Required:**

Compute the production cost using the absorption-cost approach. **(5 marks)**

b. Discuss the superiority of activity-based costing. **(3 marks)**

c. PRS Industries manufactures dining chairs and tables. The following information is available:

| | Dining Chairs | Tables | Total Cost |
|---|---|---|---|
| Machine setups | 200 | 600 | RM48,000 |
| Inspections | 250 | 470 | RM72,000 |
| Labour hours | 2,600 | 2,400 | |

PRS is considering switching from one overhead rate based on labour hours to activity-based costing.

**Required:**

Perform the following analyses for these two components of overhead:

i. Compute total machine setups and inspection costs assigned to each product, using a single overhead rate. **(6 marks)**

ii. Compute total machine setups and inspection costs assigned to each product, using activity-based costing. **(11 marks)**

**[TOTAL 25 MARKS]**

**Continued.....**

## QUESTION 4

Answer the following independent questions.

a. Roslan operates a bed and breakfast hotel in a resort area. Depreciation on the hotel is RM60,000 per year. Roslan employs a maintenance person at an annual salary of RM41,000 and a cleaning person at an annual salary of RM24,000. Real estate taxes are RM10,000 per year. The rooms rent at an average price of RM60 per person per night including breakfast. Other costs are laundry and cleaning service at a cost of RM10 per person per night and the cost of food which is RM5 per person per night.

**Required:**

i. Compute the number of rentals and the sales revenue Roslan needs to break even using the contribution margin technique. **(9 marks)**

ii. If the current level of rentals is 4,000, by what percentage can rentals decrease before Roslan has to worry about having a net loss? **(4 marks)**

b. Show the components of financial budget. **(4 marks)**

c. XYZ Sdn Bhd is trying to establish the standard labour cost of a typical engine tune-up. The following data have been collected from time and motion studies conducted over the past month.

| | |
|---|---|
| Actual time spent on the tune-up | 1.0 hour |
| Hourly wage rate | RM16 |
| Payroll taxes | 10% of wage rate |
| Setup and downtime | 10% of actual labour time |
| Clean-up and rest periods | 20% of actual labour time |
| Fringe benefits | 25% of wage rate |

**Required:**

i. Determine the standard direct labour hours per tune-up. **(2 marks)**

ii. Determine the standard direct labour hourly rate. **(2 marks)**

iii. Determine the standard direct labour cost per tune-up. **(2 marks)**

iv. If a tune-up took 1.5 hours at the standard hourly rate, what was the direct labour quantity variance? **(2 marks)**

**[TOTAL 25 MARKS]**

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